

SECRETER 0-8868
rf 121

Approved For Release 2002/05/08 : CIA-RDP57-00384R001100010006-5

Office Memorandum • UNITED STATES GOVERNMENT

TO : Executive

DATE: 3 February 1950

FROM : Legal Staff

25X1A OGC Has Reviewed

SUBJECT: Bond for [REDACTED]

25X1A

1. The Acting Chief, Finance Division, has asked for a legal determination of the permissibility of paying a bond premium for [REDACTED] an employee of the State Department. In handling the revolving fund for payment of charges on CIA cargoes, [REDACTED] acts gratuitously as an agent for CIA. Under section 10 (a) of P.L. 110, the availability of our appropriations for payment of premiums or costs of surety bonds is extended to "officers or employees" without regard to the usual statutory prohibition. Since the basic prohibition in Title 6 USCA, Section 14, is general and applies to officers or employees of the entire U. S. Government, a strained adherence to the letter of our Act would probably justify the premium payment provided it was "necessary to carry out" the functions of the Agency. We do not believe that such an interpretation, however, is within the spirit in which section 10 (a) was drafted. The exceptions obtained thereunder are peculiar to this Agency, and the necessary inference follows that they are limited as well to personnel of the Agency.

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2. In the face of a long-established practice, we assume that there is no question of the necessity for employing [REDACTED] services. We also assume that the relationship is essentially clandestine, and any necessary related expenses could, of course, be justified under any or all of the qualifying objectives of section 10 (b). On the basis of such assumptions, the Director is legally justified in paying the cost of the premiums or bond from unvouchered funds, but such action would appear to be inimical to a policy of general conformance.

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3. In commenting on the legal aspects, we believe there is some question of the basic necessity of bonding [REDACTED] Section 82a-1 of Title 31 of the USCA provides that the General Accounting Office may relieve an accountable officer or agent for losses or deficiencies if it concurs with the determinations and recommendations of the head of the agency concerned. The agent may be excused provided the loss occurred while he was acting in the discharge of his official duties, or if the loss was due to the act or omission of a subordinate, provided in either case there was no fault or negligence on the part of the agent himself. It covers physical loss or deficiency, but is not applicable to illegal or erroneous payments. In exculpating [REDACTED] for any future loss, we would necessarily absolve the Chief, Finance Division. We believe that for purposes of the record the Chief of the Finance Division is entitled to a written authorization or ratification of the practice of surrendering the revolving fund to the control of [REDACTED]. In effect, this should provide adequate protection to the Chief Finance Division, without resorting to bond.

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Encl.
Ltr 10 Jan. 1950 to Exec.**SECRET**

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TO		INITIALS	DATE
1	Executive <i>ws</i>	<i>CLW</i>	9-2-50
2	Gen Counsel		
3	Executive		
4			
5			
FROM		INITIALS	DATE
1		<i>CLW</i>	9-2-50
2		<i>CLW</i>	
3			

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☐ ACTION ☒ DIRECT REPLY ☐ RETURN
☐ COMMENT ☐ PREPARATION OF REPLY ☐ DISPATCH
☐ CONCURRENCE ☐ RECOMMENDATION ☐ FILE

REMARKS: If the Acting Chief,
Finance Division, wants more
detailed opinion on relief from
liability, we shall be glad to
furnish it in accordance with
his requirements. *KPH*

(2) Please draft appropriate authorization for
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